

SENATE BILL No. 369

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.2.

Synopsis: Housing maintenance property tax credits. Allows a municipal legislative body to designate an area within the municipality as a housing maintenance area. Provides that the total territory of all housing maintenance areas in a municipality may not exceed 5% of the territory of the municipality. Provides that a person that makes certain maintenance expenditures on qualified residential property in a housing maintenance area is entitled to a credit against municipal property taxes. Provides that the maintenance expenditures are eligible for the credit only if they are paid to a contractor licensed by the municipality. Provides that the credit equals the result of: (1) 50% of the amount of the person's maintenance expenditures; divided by (2) the number of years for which the person may claim the credit. Provides that the credit may not exceed 50% of the person's municipal property tax liability. Requires an ordinance designating a housing maintenance area to specify: (1) the categories of residential property that are eligible for the credit; (2) the number of years for which a taxpayer may claim the credit (not to exceed ten years); (3) the municipal department responsible for administering the credit; (4) any limits on the eligibility of a person to claim a credit because of unsafe building violations or health and safety violations; and (5) the types of maintenance for which a credit may be claimed.

Effective: January 1, 2008.

Wyss, Broden

January 11, 2007, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 369

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-20.2 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2008]:

4 **Chapter 20.2. Housing Maintenance Property Tax Credits**

5 **Sec. 1.** As used in this chapter, "apartment complex" has the
6 meaning set forth in IC 6-1.1-20.6-1.

7 **Sec. 2.** As used in this chapter, "homestead" has the meaning set
8 forth in IC 6-1.1-20.9-1.

9 **Sec. 3.** As used in this chapter, "housing maintenance area"
10 means an area designated under section 10 of this chapter.

11 **Sec. 4.** As used in this chapter, "municipality" has the meaning
12 set forth in IC 36-1-2-11.

13 **Sec. 5. (a)** As used in this chapter, "property tax liability" means
14 liability for the tax imposed on property under this article by a
15 municipality that has designated a housing maintenance area, as
16 determined after application of all credits and deductions under
17 this article, except the credit under this chapter.

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(b) The term does not include any interest or penalty imposed under this article.

Sec. 6. As used in this chapter, "qualified contractor" means a contractor licensed by the municipality.

Sec. 7. As used in this chapter, "qualified maintenance expenditure" means an expenditure that a person pays to a qualified contractor for maintenance activities that are:

(1) conducted on qualified residential property in a housing maintenance area; and

(2) specified under section 10(c)(5) of this chapter in the ordinance designating the house maintenance area.

Sec. 8. As used in this chapter, "qualified residential property" refers to any of the following that a municipal legislative body specifically makes eligible for a credit under this chapter in an ordinance adopted under section 10 of this chapter:

(1) An apartment complex.

(2) A homestead.

(3) Residential rental property.

Sec. 9. As used in this chapter, "residential rental property" has the meaning set forth in IC 6-1.1-20.6-5.

Sec. 10. (a) The legislative body of a municipality may adopt an ordinance designating an area within the municipality as a housing maintenance area.

(b) The legislative body may designate more than one (1) housing maintenance area in the municipality. However, the total territory of all housing maintenance areas in a municipality may not exceed five percent (5%) of the territory of the municipality.

(c) An ordinance designating a housing maintenance area under this section must specify the following:

(1) The categories of residential property listed in section 8 of this chapter that are eligible for the credit under this chapter in the housing maintenance area designated by the municipality.

(2) The number of years for which a taxpayer entitled to a credit under this chapter may claim the credit. An ordinance may not allow a person to claim a credit under this chapter for more than ten (10) years.

(3) The municipal department responsible for administering the credit under this chapter.

(4) Any limits on the eligibility of a person to claim a credit under this chapter because of an unsafe building violation or health and safety violation.

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(5) The types of maintenance for which a credit may be claimed under this chapter, such as the following:

- (A) Adding or repairing gutters.
- (B) Repairing windows.
- (C) Tuck pointing or other masonry work.
- (D) Repairing or replacing any of the following:
 - (i) Roofs.
 - (ii) Furnaces.
 - (iii) Electrical equipment and fixtures.
 - (iv) Plumbing.
- (E) Repairing foundation walls.
- (F) Painting.

Sec. 11. (a) A person that makes a qualified maintenance expenditure approved by the appropriate municipal department under section 12 of this chapter in a housing maintenance area is entitled to a credit against the person's property tax liability.

(b) The amount of the credit under this chapter for a particular calendar year equals the lesser of the following:

- (1) The result of:
 - (A) fifty percent (50%) of the amount of the qualified maintenance expenditure made by the person and approved by the appropriate municipal department under section 12 of this chapter; divided by
 - (B) the number of years for which a taxpayer may claim the credit, as designated under section 10(c)(2) of this chapter.
- (2) Fifty percent (50%) of the person's property tax liability in the calendar year on the qualified residential property for which the credit was granted.

Sec. 12. A person desiring to claim the credit under this chapter must file an application, on forms prescribed by the department of local government finance, with the municipal department responsible for administering the credit under this chapter. A person must file the application with the municipal department before May 15 of a year to be eligible to receive the credit beginning in the following year. If the municipal department approves the application, the municipal department shall forward the application to the auditor of the county containing the housing maintenance area.

Sec. 13. A credit under this chapter shall be applied only against property taxes imposed by the municipality that established the housing maintenance area, and the county auditor shall allow the

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credit.

Sec. 14. The application of the credit under this chapter in a housing maintenance area results in a reduction of the property tax collections of the municipality that designated the housing maintenance area. A municipality may not adjust its assessed valuation to enable the municipality to absorb or shift the effects of reduced property tax collections that are expected to result from the application of the credit.

Sec. 15. (a) A person may not claim the credit under this chapter if the person has an unsafe building violation or health and safety violation specified under section 10(c)(4) of this chapter.

(b) If a person commits an unsafe building violation or health and safety violation specified under section 10(c)(4) in a year in which the person receives a credit under this chapter, the person must:

(1) submit a plan regarding the remedying of the violation to the municipal department responsible for administering the credit; and

(2) remedy the violation within the number of years for which a taxpayer may claim the credit, as designated under section 10(c)(2) of this chapter.

(c) If a person does not remedy a violation within the time specified under subsection (b)(2), the person must repay to the municipality the total amount of credits granted to the person for the qualified residential property for which the unsafe building violation or health and safety violation was issued.

Sec. 16. (a) A person may not sell, assign, convey, or otherwise transfer a credit provided by this chapter.

(b) A credit under this chapter terminates if the person that was granted the credit sells the qualified residential property for which the credit was granted.

Sec. 17. If a housing maintenance area is designated under section 10 of this chapter, the municipal department responsible for administering the credit shall annually report to the legislative body of the municipality on the following:

(1) The number and total dollar amount of credits awarded under this chapter in the housing maintenance area.

(2) Any suggested changes to the list of eligible maintenance expenditures included in the ordinance designating the housing maintenance area.

(3) Any other information requested by the legislative body of the municipality.

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1 SECTION 2. [EFFECTIVE JANUARY 1, 2008] **IC 6-1.1-20.2, as**
2 **added by this act, applies to property taxes first due and payable**
3 **after December 31, 2007.**

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